biological/ecological issues associated with dams/diversions and restoration projects during the next few years when most of the privately owned dams will be available for acquisition, removal, or major modification.

c. Approach/Tasks/Schedule. One year according to the following eight tasks/schedule:

Task	Description	Schedule (after Award)
1	Document the Opportunity	1 month
2	Inventory Candidate Sites	3 months
3	Develop Template and Analyze Key Issues	5 months
4	Implementing Mechanism	6 months
5	Demonstrate Mechanism	7 months
6	Community Workshops	8 months
7	Agency Advisory Committee	Concurrent with Tasks 1-6
8	Peer Reviews and Workshop	11 months

d. Justification for Project and Funding by CALFED. This project will develop a cost effective mechanism to leverage state and federal funds to improve fish passage and enhance the success of many of the other Ecological Zone Visions, Programmatic and other Action items in the ERPP, AFRP, etc. (see Figures 1 and 2 below). The project compliments CMARP and many of the other CALFED projects. The project is timely and urgent, while the benefits are immediate and long term. The project complies with NEPA/CEQA, does not prejudice any decision on the CALFED long-term program, involves only willing sellers, and makes full use of cost sharing (59% of the total cost comes from other sources).

e. Budget Costs and Third Party Impacts. $49,000 of the total project cost of $120,000.

f. Applicant Qualifications. IFR has successfully managed a large number of projects pertaining to the California fisheries, salmon restoration projects, and other fisheries improvement projects. At the present time, IFR has active salmon restoration projects on Battle Creek and Butte Creek. The background of the key personnel is included in Appendix A.

g. Monitoring and Data Evaluation. Formal coordination with other projects. An Agency Advisory Committee, community participation workshops, and formal peer reviews. There is no similar project underway.

h. Local Support/Coordination with other Programs/Compatibility with CALFED objectives. This project is being coordinated with local and regional projects. In particular, the ongoing restoration projects on Battle Creek and Butte Creek will be case studies for this project and the groups involved will receive the deliverables from this project as soon as they become available. In addition, a Technical Advisory Committee of state and federal government representatives and local and regional interest groups will provide ongoing advice and coordination. The agencies that have already agreed to participate include the California Public Utilities Commission and the Department of Fish and Game. The project is both consistent with and promotes the success of CALFED objectives, discussed below.

A1026

II. Executive Summary

a. Project Title and Applicant Name: Expanding California Salmon Habitat Through Non-governmental and Nonregulatory Mechanisms to Alter Dams and Diversions
Applicant: Institute for Fisheries Resources (IFR)

b. Project Description and Primary Biological/Ecological Objectives. This proposal seeks funds in the amount of 41% of the total cost to match funds already awarded and pending (59%).

In the last year, an unprecedented window of opportunity has opened for CALFED adaptive management in the restoration of the Bay-Delta and Central Valley fish passages in particular. The restructuring of the electric industry in California has completely changed the role of hydroelectric facilities such that their market value has been significantly changed and many will be on the market for sale. For example, just PG&E and Southern California Edison presently own 127 dams, most of which will be available from a willing seller within the next two years. Other owners are also likely to be interested in selling or at least in creating new management regimes with an appropriate partner. The first cases will set the regulatory and market precedent for the dozens that will follow. Within this very narrow window of opportunity, there is presently no organized or systematic way to incorporate acquisition or reconsideration of operating parameters as part of CALFED. There is no mechanism to incorporate these profound changes in the hydroelectric picture into the Primary Biological/Ecological Objectives in general and with respect to improving fish passage opportunities in particular.

The opportunity to improve dramatically fish passage, the success rate of restoration projects, expand habitat, and improve stream flows, natural sediment transport, etc., can be enhanced through new nongovernmental and nonregulatory partnerships. But, the tremendous opportunity these new conditions create for public-private partnerships may be lost unless the opportunities are organized and an appropriate institutional mechanism is created to enter into agreements to acquire or to partner with the willing electric companies in a timely manner.

The sale of these hydroelectric assets will be subject to scrutiny and possible regulation by State agencies and FERC. But, the role of the agencies will be limited essentially to an ex-post facto reactive and regulatory posture, rather than the more pro-active constructive role that is available as a facilitator or even partner in the restructuring of the ownership and operation of the dams.

This project will draw on actual experience to: (1) document the opportunity with a complete inventory of all dams and diversions in the Central Valley which are candidates for acquisition from a willing seller and major modification in the next few years, (2) develop a systematic "template" that can be used to analyze the biological, technical, institutional-legal, and economic aspects of acquisition and/or major modification for all present and future projects, (3) develop a non-governmental and nonregulatory institutional mechanism to purchase some or all of the rights to projects with fair compensation to willing sellers, and (4) conduct community and professional workshops for peer review and community involvement.

The Primary Biological/Ecological Objectives served are two-fold: (1) Immediate objectives resulting from assistance on specific Central Valley projects (e.g., Battle Creek and Butte Creek), and (2) Broader benefits to the communities, interest groups, and professionals working on the